GOVERNMENT OF INDIA
HOME AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:898
ANSWERED ON:04.03.2008
FOREIGN FUNDS TO NGOS
Chavda Shri Harisinh Pratapsinh;Vasava Shri Mansukhbhai D.

Will the Minister of HOME AFFAIRS be pleased to state:

(a) whether the Government has formulated any guidelines for receiving financial assistance from abroad by the NGOs;

(b) if so, the details and the total funds received by the NGOs during each of the last three years, NGO-wise and countrywise;

(c) whether any review has been conducted by the Government on the work done by these NGOs during the above period;

(d) if so, the details of irregularities found in this review and the steps taken by the Government to check such irregularities; and

(e) the action taken against those found guilty?

Answer

MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS(SHRI SRIPRAKASH JAISWAL)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT IN REPLY TO PARTS (a) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 898 FOR 4TH MARCH, 2008

(a) & b): NGOs in India are permitted to receive foreign contribution under the Foreign Contribution (Regulation) Act, 1976, from foreign sources for bona fide activities in cultural, economic, educational, social or religious fields after obtaining registration/prior permission under the said Act. The registration/prior permission is granted after due verification of a ctivities and antecedents of the NGO and its office bearers. The amount of receipt of foreign contribution reported by the NGOs during the last three years is as under:-

Year	Amount (Rs. in Crores)
2003-04	5105.50
2004-05	6256.68
2005-06	7877.57

(c): Associations that are registered or which have obtained prior permission under the Foreign Contribution (Regulation) Act, 1976 are required to submit annual returns of receipt and utilization of foreign contribution duly certified by a Chartered Accountant within nine months after the closure of the financial year. On a review of submission of annual return, 8673 registered associations, which did not submit mandatory returns for consecutive three years i.e. 2001-02, 2002-03 and 2003-04 were placed in the prior permission category vide Ministry's Notification dated 26.10.2005. Subsequently, registration of 337 associations, which submitted the proof of submission of returns, was restored.

(d) & (e): As and when, any complaint relating to the violation of the provisions of the Foreign Contribution (Regulation) Act, 1976 comes to the notice of the Government, appropriate action is taken under the Act. Monitoring of receipt and utilization of foreign contribution by associations is done through a scrutiny of the audited annual returns filed by the associations as well as through the inspection of accounts and records of the associations by the Monitoring Unit set up for the purpose. A facility for online submission of statutory annual returns has been introduced to facilitate better monitoring of receipt and utilization of foreign contribution. If any association is found involved in misutilisation/diversion of foreign contribution, action is initiated against the association. Such action includes
(i) placing the Association in Prior Permission category,
(ii) prohibiting it from receiving foreign contribution,
(iii) prosecuting it in a court of law and
(iv) freezing its bank accounts. In case of serious violations, where it is found that the contribution is being diverted for purposes other than the stated objectives of the association, the matter is referred to Central Bureau of Investigation (CBI) for a detailed investigation

and prosecution, if necessary.

On the basis of the complaints received and inquiries made, 45 associations have been prohibited from receiving foreign contribution, 26 Associations have been placed in Prior Permission category, and accounts of 11 Associations have been frozen. A list of the associations against which action has been taken for violation of various provisions of the Act, is available on MHA's website: (http://mha.nic.in/fore.htm). 17 cases have been referred to CBI for detailed investigations for FCRA violations.